

State: District of Columbia **First Filing Company:** Greater New York Mutual Insurance Company, ...
TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)
Product Name: Commercial Property Flood Coverage
Project Name/Number: Flood Coverage Rate Revision/GIS-CF-DC-FLOOD-RR

Filing at a Glance

Companies: Greater New York Mutual Insurance Company
Insurance Company of Greater New York
Strathmore Insurance Company

Product Name: Commercial Property Flood Coverage

State: District of Columbia

TOI: 01.0 Property

Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)

Filing Type: Rate/Rule

Date Submitted: 09/03/2015

SERFF Tr Num: GNYM-130210033

SERFF Status: Submitted to State

State Tr Num:

State Status:

Co Tr Num: GIS-CF-DISTRICT OF COLUMBIA-FLOOD-RR

Effective Date 03/01/2016

Requested (New):

Effective Date 06/01/2016

Requested (Renewal):

Author(s): Tina Ngan, Vilma Ching, Timothy Carney, Christine Liao, Mark Nadler

Reviewer(s):

Disposition Date:

Disposition Status:

Effective Date (New):

Effective Date (Renewal):

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General Information

Project Name: Flood Coverage Rate Revision Status of Filing in Domicile:
Project Number: GIS-CF-DC-FLOOD-RR Domicile Status Comments:
Reference Organization: Insurance Services Offices (ISO) Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 09/03/2015
State Status Changed: Deemer Date:
Created By: Mark Nadler Submitted By: Mark Nadler
Corresponding Filing Tracking Number:

Filing Description:

Greater New York Mutual Insurance Company, Insurance Company of Greater New York and the Strathmore Insurance Company ("The Companies"), are submitting this filing to notify your Department that we would like to revise our current Commercial Property Flood Coverage rates and Exception Pages for both monoline and package policies.

Thank you for your consideration and we respectfully request your approval of this filing.

Please do not hesitate to contact us with any questions or comments.

Company and Contact

Filing Contact Information

Mark Nadler, Supervisor of State Filings mnadler@gny.com
200 Madison Avenue 212-683-9700 [Phone]
New York, NY 10016 212-532-8018 [FAX]

Filing Company Information

Greater New York Mutual Insurance Company	CoCode: 22187	State of Domicile: New York
200 Madison Avenue	Group Code: 222	Company Type:
New York, NY 10016	Group Name:	State ID Number:
(212) 683-9700 ext. [Phone]	FEIN Number: 13-5117400	

Insurance Company of Greater New York	CoCode: 22195	State of Domicile: New York
200 Madison Avenue	Group Code: 222	Company Type:
New York, NY 10016	Group Name:	State ID Number:
(212) 683-9700 ext. [Phone]	FEIN Number: 13-2596361	

Strathmore Insurance Company	CoCode: 11024	State of Domicile: New York
200 Madison Avenue	Group Code: 222	Company Type:
New York, NY 10016	Group Name:	State ID Number:
(212) 683-9700 ext. [Phone]	FEIN Number: 13-4062338	

SERFF Tracking #: GNYM-130210033 **State Tracking #:**

Company Tracking #: GIS-CF-DISTRICT OF
COLUMBIA-FLOOD-RR

State: District of Columbia **First Filing Company:** Greater New York Mutual Insurance Company, ...
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Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

State:	District of Columbia	First Filing Company:	Greater New York Mutual Insurance Company, ...
TOI/Sub-TOI:	01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)		
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Rate Information

Rate data applies to filing.

Filing Method:	File and Use
Rate Change Type:	Increase
Overall Percentage of Last Rate Revision:	0.000%
Effective Date of Last Rate Revision:	09/01/2008
Filing Method of Last Filing:	File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Greater New York Mutual Insurance Company	5.200%	5.400%	\$51,768	1,158	\$967,631	%	%
Insurance Company of Greater New York	5.200%	4.900%	\$18,274	514	\$374,470	%	%
Strathmore Insurance Company	5.200%	4.900%	\$14,235	363	\$290,519	%	%

State:	District of Columbia	First Filing Company:	Greater New York Mutual Insurance Company, ...
TOI/Sub-TOI:	01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)		
Product Name:	Commercial Property Flood Coverage		
Project Name/Number:	Flood Coverage Rate Revision/GIS-CF-DC-FLOOD-RR		

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		FLOOD EXCEPTION PAGE	FLOOD-CE-1 through FLOOD-CE-3	Replacement	GNYM-125651089	FLOOD COVERAGE EXCEPTION PAGE-FINAL.pdf Flood Exception Page_2015_Strikeover.pdf

**GREATER NEW YORK INSURANCE GROUP
COMMERCIAL LINES MANUAL
DIVISION FIVE- FIRE AND ALLIED LINES
EXCEPTION PAGE**

FLOOD COVERAGE ENDORSEMENT

The following rate methodology procedure shall be utilized to develop premium charges for Flood Coverage as provided in the Flood Coverage Endorsement, CP 10 65.

Flood Rate Factor Table

GNY FLOOD RATES					
Deductible	\$10,000	\$25,000	\$50,000	\$100,000	\$250,000
Rate	0.0800	0.0550	0.0435	0.0400	0.0300

Additional Rules

1. Rates are applicable only in B, C, D or X Zones. Coverage is not provided for any other zones.
2. Proposed rates contemplate an aggregate limit equal to the occurrence limit. Where the aggregate is a multiple of the occurrence limit, the following factors will be applied to the proposed flood rates:
 - Aggregate 2 X the occurrence limit- 1.25
 - Aggregate 3 X the occurrence limit- 1.50
3. For Blanket coverage:
 - a. All premises in Flood Zones B, C, or X,
 - b. All scheduled premises in Flood Zone D, and
 - c. All coverages provided by the policy (i.e Building, Business Personal Property, Business Income, Extra Expense and Ordinance or Law Coverage).

Are included within the Blanket Limit.
4. The No Coinsurance Option Applies.
5. The waiver of underlying insurance applies. This waiver eliminates the need for other primary insurance.
6. When Aggregate Limit is utilized, multiply the rate by the Aggregate Limit to obtain the premium charge. When Separate Limits are purchased, multiply the rate by the limit of each coverage at each premises.

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COMMERCIAL LINES MANUAL
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EXCEPTION PAGE**

7. Premium Computation- To determine the premium charge at a given deductible, multiply the applicable rate from the Flood Rate Table to the amount of coverage to be insured. If an aggregate multiplier of 2X or 3X will be applied to the occurrence limit, multiply the applicable rate determined in the previous step by the appropriate factor indicated in item 2. All rates apply per \$100 of insurance coverage.

Example #1

<u>Limit of Insurance</u>	<u>\$1,000,000</u>
<u>Deductible</u>	<u>\$25,000</u>
<u>Indicated Flood Rate</u>	<u>0.055</u>
<u>Aggregate Multiplier</u>	<u>1X the Occurrence Limit</u>

<u>Flood Rate</u>	<u>X</u>	<u>Aggregate</u>	<u>X</u>	<u>Limit Of /100 = Premium</u>
		<u>Multiplier Factor</u>		<u>Insurance</u>

$$0.055 \times 1.00 \times (\$1,000,000/100) \times 1.00 = \$550$$

Example #2

<u>Limit of Insurance</u>	<u>\$1,000,000</u>
<u>Deductible</u>	<u>\$50,000</u>
<u>Indicated Flood Rate</u>	<u>0.0435</u>
<u>Aggregate Multiplier</u>	<u>2X the Occurrence Limit</u>

<u>Flood Rate</u>	<u>X</u>	<u>Aggregate</u>	<u>X</u>	<u>Limit Of /100 = Premium</u>
		<u>Multiplier Factor</u>		<u>Insurance</u>

$$0.0435 \times 1.25 \times (\$1,000,000 / 100) = \$543.75$$

Example #3

<u>Limit of Insurance</u>	<u>\$2,500,000</u>
<u>Deductible</u>	<u>\$100,000</u>
<u>Indicated Flood Rate</u>	<u>0.040</u>
<u>Aggregate Multiplier</u>	<u>3X the Occurrence Limit</u>

<u>Flood Rate</u>	<u>X</u>	<u>Aggregate</u>	<u>X</u>	<u>Limit Of /100 = Premium</u>
		<u>Multiplier Factor</u>		<u>Insurance</u>

$$0.040 \times 1.50 \times (\$2,500,000 / 100) = \$1500$$

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EXCEPTION PAGE**

FLODEC

Attach FLODEC, Flood Coverage Schedule and Changes whenever CP 1065 is used.

**GREATER NEW YORK INSURANCE GROUP
COMMERCIAL LINES MANUAL
DIVISION FIVE – FIRE AND ALLIED LINES
EXCEPTION PAGE**

Flood Coverage Endorsement

The following rate methodology procedure shall be utilized to develop premium charges for Flood Coverage as provided in the Flood Coverage Endorsement, CP 10 65.

Flood Rate Factor Table

GNY Flood Rates							
Deductible	\$2,500	\$5,000	\$10,000	\$25,000	\$50,000	\$100,000	\$250,000
Rate	0.095	0.090	0.080	0.055	0.035 0.0435	0.020 0.040	0.030

Additional Rules

1. Rates are applicable only in B, C, D or X Zones. Coverage is not provided for any other Zones.
2. Proposed rates contemplate an aggregate limit equal to the occurrence limit. Where the aggregate is a multiple of the occurrence limit, the following factors will be applied to the proposed flood rates:

Aggregate 2 X the occurrence limit – 1.25

Aggregate 3 X the occurrence limit – 1.50

3. For Blanket [coverage](#):
 - a. All premises in Flood Zones B, C or X,
 - b. All scheduled premises in Flood Zone D, and
 - c. All coverages provided by the policy (i.e. Building, Business Personal Property, Business Income, Extra Expense and Ordinance or Law Coverage).Are included within the Blanket Limit.
4. The No Coinsurance Option Applies.
5. The waiver of underlying insurance applies. This waiver eliminates the need for other primary insurance.
6. When [Blanket Aggregate](#) Limit is utilized, multiply the rate by the [Blanket Aggregate](#) Limit to obtain the premium charge. When Separate Limits are purchased, multiply the rate by the limit of each coverage at each premises.

**GREATER NEW YORK INSURANCE GROUP
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7. Premium Computation – To determine the premium charge at a given deductible, multiply the applicable rate from the Flood Rate Factor Table to the amount of coverage to be insured. If an aggregate multiplier of 2X or 3X will be applied to the occurrence limit, multiply the applicable rate determined in the previous step by the appropriate factor indicated in item 2. All rates apply per \$100 of insurance coverage.

Example #1

<u>Limit of Insurance</u>	<u>\$1,000,000</u>
<u>Deductible</u>	<u>\$25,000</u>
<u>Indicated Flood Rate</u>	<u>0.055</u>
<u>Aggregate Multiplier</u>	<u>1X the Occurrence Limit</u>

<u>Flood Rate</u>	<u>X</u>	<u>Aggregate</u>	<u>X</u>	<u>Limit Of</u>	<u>/100</u>	<u>=</u>	<u>Premium</u>
		<u>Multiplier Factor</u>		<u>Insurance</u>			

$$\underline{0.055 \times 1.00 \times (\$1,000,000 / 100) \times 1.00 = \$550}$$

Example #2

<u>Limit of Insurance</u>	<u>\$1,000,000</u>
<u>Deductible</u>	<u>\$50,000</u>
<u>Indicated Flood Rate</u>	<u>0.0435</u>
<u>Aggregate Multiplier</u>	<u>2X the Occurrence Limit</u>

<u>Flood Rate</u>	<u>X</u>	<u>Aggregate</u>	<u>X</u>	<u>Limit Of</u>	<u>/100</u>	<u>=</u>	<u>Premium</u>
		<u>Multiplier Factor</u>		<u>Insurance</u>			

$$\underline{0.0435 \times 1.25 \times (\$1,000,000 / 100) = \$543.75}$$

Example #3

<u>Limit of Insurance</u>	<u>\$2,500,000</u>
<u>Deductible</u>	<u>\$100,000</u>
<u>Indicated Flood Rate</u>	<u>0.040</u>
<u>Aggregate Multiplier</u>	<u>3X the Occurrence Limit</u>

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$$\frac{\text{Flood Rate} \times \text{Aggregate Multiplier Factor}}{\text{Limit Of Insurance}} \times \text{Limit Of Insurance} / 100 = \text{Premium}$$

$$0.040 \times 1.50 \times (\$2,500,000 / 100) = \$1500$$

~~7. Premium Computation - To determine the premium charge at a given deductible, multiply the rate from the above table applied to the amount of coverage to be insured. All rates apply per \$100 of insurance coverage.~~

Example #1

Limit of Insurance	\$1,000,000
Deductible	\$2,500
Indicated Flood Rate	0.095

$$\text{Flood Rate} \times \frac{\text{Limit of Insurance}}{\text{Insurance}} = \text{Premium}$$

$$0.095 \times 1,000,000 / 100 = \$950$$

Example #2

Limit of Insurance	\$1,000,000
Deductible	\$25,000
Indicated Flood Rate	0.055

$$\text{Flood Rate} \times \frac{\text{Limit of Insurance}}{\text{Insurance}} = \text{Premium}$$

$$0.055 \times 1,000,000 / 100 = \$550$$

FLODEC

Attach FLODEC, Flood Coverage Schedule and Changes whenever CP 10 65 is used.

**GREATER NEW YORK INSURANCE GROUP
COMMERCIAL LINES MANUAL
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Supporting Document Schedules

Bypassed - Item:	Consulting Authorization
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Certification (P&C)
Comments:	
Attachment(s):	Actuarial_Memorandum_Flood_2015.pdf
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Comments:	DC-Experience Exhibit
Attachment(s):	DC_Experience.pdf
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Comments:	DC- Loss Ratio Analysis
Attachment(s):	DC_LossRatioAnalysis.pdf
Item Status:	
Status Date:	

Greater New York Mutual Insurance Company
Insurance Company of Greater New York
Strathmore Insurance Company
Commercial Property - Flood Coverage
Rate Filing Memorandum

GNY Insurance Companies("GNY") is filing to revise rates for its Commercial Property Flood Coverage on behalf of its member companies Greater New York Mutual Insurance Company(NAIC #22187), Insurance Company of Greater New York(NAIC #22195), and Strathmore Insurance Company(NAIC #11024).

This memorandum provides the actuarial support in our rate filing efforts. The analysis supporting our results is shown on the attached exhibits. Details of the calculations, as well as a discussion of the methodology we employed, are contained in the body of this memorandum.

Overall Rate Change

The selected overall rate change of 5.2% for Commercial Property Flood coverage is displayed in Exhibit 1. A 69.4% expected loss and loss adjustment expense("LAE") ratio for new business was selected based on GNY's Flood Loss and LAE experience from 2006 through May 2015.

The expected loss ratio is compared with a permissible loss and LAE ratio of 65.5% (as calculated on Exhibit 3) to obtain the selected overall rate change of 5.2%.

Supporting Exhibits

Along with state specific filing forms, attached are Exhibits that calculate the rate indication, expected loss and LAE ratio, and investment income return.

Exhibit 1 – Overall Rate Change Indication

This exhibit displays GNY's overall rate change indication for countrywide Commercial Property Flood coverage based on the evaluation of GNY's countrywide flood loss experience and expected loss and LAE ratio for prospective business. **Exhibit 2** shows these calculations in detail.

Exhibits 3 – Expense Exhibit

Exhibit 3 shows the three prior year averages (2012-2014) for expenses along with the selected expense ratios based on three years of history. The total estimated expense including underwriting profit for this line is 34.5%. The provision for underwriting profit is derived in Exhibit 4.

Exhibit 4 and 5 – Investment Income Calculation

Exhibit 4 derives the provision for underwriting profit by separately calculating the after tax return on surplus, the after tax investment return on surplus and the after tax investment return on reserves. Additional notes are included in exhibit 5.

Exhibit 6 – Current vs. Proposed Rate Comparison

Exhibit 6 shows the side by side comparison between current and proposed Commercial Property Countrywide Flood Rates.

Data

Here is a list of data used in the analysis:

- GNY premium and loss information for Commercial Property Flood business as of May 31, 2015 by accident year;
- Premium details of GNY in-force Commercial Property Flood policies as of May 31, 2015;
- GNY Group's historical statutory annual statements.

Exhibits

The attached exhibits are as follows:

Exhibit-1 – Overall Rate Level Change Indication, GNY Group

Exhibits 2 – Expected Loss and LAE Ratio Calculation

Exhibits 3 – Expense Exhibit

Exhibit 4 and 5 – Investment Income Calculation

Exhibit 6 – Current vs Proposed Rate Comparison

GNY Insurance Companies
Commercial Property - Flood Insurance
Overall Rate Level Change Indication - Countrywide
Effective Date: March 1, 2016

<u>Line of Business</u>	Commercial Property Flood
A: Expected Loss and LAE Ratio for Prospective Business	69.4%
B: Permissible Loss and LAE Ratio	65.5%
C: Indicated Overall Rate Change Indication	5.9%
D: Selected Overall Rate Change Indication	5.2%

Notes:

A: From Exhibit 2, Column (9), Total Average

B: From Exhibit 3, Row M

C: = A / B - 1

D: GNY Actuarial Selected

GNY Insurance Companies

Commercial Property - Flood Insurance

Historical Loss Experience

For 2006 to 2015 as of 5/31/2015

Exhibit 2

Year	WP (1)	EP (2)	Flood Limit (000's) (3)	Inc Loss (4)	Paid Loss (5)	ALAE (6)	ULAE (7)	Loss & LAE Ratio (8)	Trended Loss & LAE Ratio (9)
2006	2,019,402	2,019,402	2,553,578	64,930	64,930	9,491	40,388	5.7%	6.3%
2007	2,201,755	2,201,755	4,662,826	969,858	969,858	49,342	44,035	48.3%	52.8%
2008	2,260,131	2,260,131	4,713,879	85,738	85,738	11,473	45,203	6.3%	6.8%
2009	2,312,782	2,312,782	4,628,994	-	-	-	46,256	2.0%	2.1%
2010	2,226,935	2,226,935	4,476,663	-	-	-	44,539	2.0%	2.1%
2011	2,153,754	2,153,754	4,468,668	1,410,989	1,410,989	137,103	43,075	73.9%	77.6%
2012	2,105,245	2,105,245	4,313,570	8,484,712	8,484,610	192,741	42,105	414.2%	431.0%
2013	1,801,224	1,801,224	4,493,749	81,371	81,371	10,620	36,024	7.1%	7.3%
2014	1,670,087	1,385,940	4,151,630	415,005	415,005	18,124	27,719	33.3%	33.9%
2015	584,050	121,677	1,380,465	2,979	2,979	-	2,434	4.4%	4.5%
Total	19,335,365	18,588,845	39,844,022	11,515,582	11,515,480	428,893	371,777	66.3%	69.4%

(1) through (7): GNY Information

(8) = [(4)+(6)+(7)]/(2)

(9) = (8) trended to effective date of 3/1/2016 using assumed annual loss trend of 1%

GNY Insurance Companies

Commercial Multiple Peril

Amounts in \$000s

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Selected</u>
A	Direct Written Premium	265,280	279,433	302,504	
B	Direct Commissions	43,267	47,667	50,144	
C	Other Acquisition Expenses	21,376	24,388	22,535	
D	Taxes, License, and Fees	7,038	7,256	8,536	
E = B/A	Ratio of Commissions to DWP	0.163	0.171	0.166	0.166
F = C/A	Ratio of Other Acq to DWP	0.081	0.087	0.074	0.081
G = D/A	Ratio of Taxes to DWP	0.027	0.026	0.028	0.027
H	Direct Earned Premium	262,251	270,502	290,940	
I	General Expenses	3,772	4,301	3,977	
J = I/H	Ratio of Gen Exp to DEP	0.014	0.016	0.014	0.015
K	Total Selected Expense Ratio = E+F+G+J				0.289
L	A: From Exhibit 2, Column (9), Total Average				0.056
L1	Selected UW Profit Provision				0.056
M	Permissible Loss & LAE Ratio				0.655

Notes:

A, B, C, D, H, I from GNY Group's 2012-2014 IEE, Part III CMP Non-Liability + CMP Liability

L - From Exhibit 4

L1 - Selected by GNY Actuarial

M = 1 - K - L1

GNY Insurance Companies
Commercial Multiple Peril

I. Surplus Allocated to Commercial Multiple Peril:

A. Average Net Commercial Multiple Peril Earned Premium for 2012 - 2014	215,858,333
B. Average Net all lines earned premium for 2012 - 2014	226,027,667
C. Surplus as regards policyholders 12-31-2014	430,833,429
D. Surplus Allocated to Commercial Multiple Peril (C x A/B)	411,449,569

II. Expected After-tax Return on Surplus:

A. Expected Return	0.065
B. Surplus allocated to Commercial Multiple Peril (I-D)	411,449,569
C. Expected after-tax return on surplus (A x B)	26,744,222

III. After-tax Investment Return on Surplus:

A. Surplus allocated to Commercial Multiple Peril (I-D)	411,449,569
B. Expected Pretax return	0.039
C. Pretax return (A x B)	16,211,113
D. Federal Tax rate on investments	0.340
E. After-tax return (C x (1-D))	10,699,335

IV. Development of Unearned Premiums:

A. Projected Direct Earned Premium	309,000,000
B. Projected Unearned Premium Reserve	188,490,000
C. Deduction for delayed remission of premium:	
1. Direct countrywide earned premium 2014	304,965,000
2. Direct agents' balances at 12-31-2014 less advance premium	88,085,462
3. Direct agents' balances at 12-31-2013 less advance premium	82,184,640
4. Mean agents' balances ((#2+#3) x 1/2)	85,135,051
5. Ratio (#4/#1)	0.279
6. Deduction for delayed remission of premium (A x #5)	86,261,475
D. Deduction for prepaid expenses:	
1. Commission	16.60%
2. Other acquisition costs	8.10%
3. 50% of general expenses	0.75%
4. Taxes, licenses, and fees	2.70%
5. Total prepaid expenses (#2+#3+#4+#5)	28.15%
6. Federal Income Taxes Payable	6.80%
7. Total Prepays (#5+#6)	34.95%
8. Deduction for prepaid expenses (B x D7)	65,877,255
E. Loss Reserve	
1. Projected direct earned premium	309,000,000
2. Expected incurred loss and LAE (0.65 x E1)	200,850,000
3. Expected mean loss and LAE reserves (0.7 x E2)	140,595,000
F. Net subject to investment (B - C6 - D8 + E3)	176,946,270
G. After-tax investment return ([1-(III-D)] x (III-B))	2.60%
H. After-tax investment return on reserves (F x G)	4,601,311

VII. Return on Underwriting

A. Expected after-tax return on equity (II-C)	26,744,222
B. After-tax investment return on surplus (III-E)	10,699,335
C. After-tax investment return on reserves (IV-H)	4,601,311
D. Expected after-tax return on underwriting (A-(B+C))	11,443,577
E. Tax on underwriting (III-D)	0.340
F. Expected pre-tax return on underwriting (D/(1-E))	17,338,752
G. Projected earned premium (IV-A)	309,000,000
H. Factor for underwriting profit (F/G)	0.056

GNY Insurance Companies
Commercial Multiple Peril

Exhibit 5
Footnotes

Line I-A and I-B

Average CMP Net Earned Premium (NEP)

CY	CMP NEP	Total NEP
2012	202,518,000	211,415,000
2013	213,662,000	224,153,000
2014	231,395,000	242,515,000
Sum	647,575,000	678,083,000
Average	215,858,333	226,027,667

Line IV-A

Selected based on direct earned premium in recent years.

Line IV-B

Based on 2013 ratio of unearned premium to written premium x projected earned premium from Line IV-A.

Line IV-D-6

The Tax Reform Act taxes 20% of the unearned premium reserve. At a corporate tax rate of 34%, this equals 6.8% of the unearned premium reserve.

Line IV-E-3

CY	DEP	Reserves				IEE Loss/LAE Incurred	Reserve/ Inc. Loss	Inc. Loss/ DEP
		Loss	DCC	AOE	Total			
2011	253,735	98,386	17,784	13,451	129,621	212,904	0.609	0.839
2012	262,251	118,773	16,811	10,521	146,105	198,988	0.734	0.759
2013	270,502	61,712	13,998	18,829	94,539	126,295	0.749	0.467
2014	290,943	87,906	16,308	12,414	116,628	168,559	0.692	0.579
Total	1,077,431	366,777	64,901	55,215	486,893	706,746	0.689	0.656
'12-'14 Selected	823,696	268,391	47,117	41,764	357,272	493,842	0.723 0.700	0.600 0.650

GNY Commercial Property**Flood Rates for B,C,D or X Zones as defined by NFIP (No coverage for other zones)**

Deductible	\$2,500	\$5,000	\$10,000	\$25,000	\$50,000	\$100,000	\$250,000
Current Rate	0.0950	0.0900	0.0800	0.0550	0.0350	0.0200	Not offered
Proposed Rate	Not offered	Not offered	0.0800	0.0550	0.0435	0.0400	0.0300

The proposed GNY flood rates are selected based on the GNY selected rate change indication of 5.2% and approved competitor rates from Hanover, ACE and Selective Insurance across different states (SERFF Tracking Numbers HNVX-G129127171, ACEH-129107974, SELC-127086835, respectively.) GNY will no longer offer rates for deductibles below \$10,000, but will offer new rate for deductible \$250,000.

	District of Columbia					Countrywide				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
A. Written Flood Premium	\$11,100	\$21,025	\$33,773	\$36,000	\$33,380	\$2,226,935	\$2,153,754	\$2,105,245	\$1,801,224	\$1,670,087
B. Number of policyholders	8	13	17	19	20	2334	2253	2233	2084	2031
C. Historical Rate Changes	No flood rate changes have been filed since the Flood Coverage Program was launched.									

District of Columbia and Countrywide Loss Ratio Analysis (P&C)

Both District of Columbia and Countrywide Loss Ratio Analyses are mandatory and must include the following:

Please note there were no losses in District of Columbia so all Loss Ratio Analysis are based on Countrywide data.

A.Evaluation Period (Accident Year, Policy Year, etc.)

Calendar/Accident year 2006-2015 as of 5/31/2015

B.Earned Premium

Please see exhibit 2.

C.On-Level Premium

Please see exhibit 2 - there has been no rate change since launch of Flood Coverage Program.

D.Losses (includes ALAE)

Please see exhibit 2.

E.Loss Trend

Please see exhibit 2.

F.Loss Development Factors

Losses settled within 12 months so no loss development factors were applied.

G.Ultimate Claims

Please see exhibit 2.

H.Loss Ratio

Please see exhibit 2.

I.Selected Loss Ratio

Please see exhibit 2.

J.Permissible Loss Ratio (includes)

Please see exhibit 3.

i.Expenses

Please see exhibit 3.

ii.Profit & Contingency Provision

Please see exhibit 3.

ii.Investment Income

Please see exhibit 4 & 5.

K.Number of Claims

Accident Year	Number of claims (Countrywide)
2006	13
2007	38
2008	6
2009	0
2010	0
2011	28
2012	223
2013	13
2014	11
2015	1

L.Claim Amount

Please see exhibit 3.

M.Credibility Analysis (includes)

- i.DC Credibility
- ii.Countrywide Credibility
- iii.Complimentary Credibility

GNV countrywide loss data was used for all analyses.

N.Loss Cost Calculation (includes)

- i.Currently Approved Loss Multiplier
- ii.Currently Approved Loss Modifier
- iii.Derivation of Proposed Loss Cost Modifier
- iv.Proposed Loss Multiplier

Not applicable since no loss costs or loss cost modifiers were calculated. Actual rates were filed.

***NOTE:

Review Bulletins (website <http://disb@dc.gov>) Limited Mold Exclusion, Commercial Deregulation, Voluntary Expedited Filing Procedures for Exclusion Related to Acts of Terrorism, Voluntary Expedited Filing Procedures for Compliance with the Provisions of the Terrorism Risk Insurance Act of 2002, Policyholder Disclosure Notice of Terrorism Insurance, Notice of Cancellation/ Non-Renewal.

GNY Insurance Companies**Exhibit 2**

Commercial Property - Flood Insurance

Historical Loss Experience

For 2006 to 2015 as of 5/31/2015

Year	WP (1)	EP (2)	Flood Limit (000's) (3)	Inc Loss (4)	Paid Loss (5)	ALAE (6)	ULAE (7)	Loss & LAE Ratio (8)	Trended Loss & LAE Ratio (9)
2006	2,019,402	2,019,402	2,553,578	64,930	64,930	9,491	40,388	5.7%	6.3%
2007	2,201,755	2,201,755	4,662,826	969,858	969,858	49,342	44,035	48.3%	52.8%
2008	2,260,131	2,260,131	4,713,879	85,738	85,738	11,473	45,203	6.3%	6.8%
2009	2,312,782	2,312,782	4,628,994	-	-	-	46,256	2.0%	2.1%
2010	2,226,935	2,226,935	4,476,663	-	-	-	44,539	2.0%	2.1%
2011	2,153,754	2,153,754	4,468,668	1,410,989	1,410,989	137,103	43,075	73.9%	77.6%
2012	2,105,245	2,105,245	4,313,570	8,484,712	8,484,610	192,741	42,105	414.2%	431.0%
2013	1,801,224	1,801,224	4,493,749	81,371	81,371	10,620	36,024	7.1%	7.3%
2014	1,670,087	1,385,940	4,151,630	415,005	415,005	18,124	27,719	33.3%	33.9%
2015	584,050	121,677	1,380,465	2,979	2,979	-	2,434	4.4%	4.5%
Total	19,335,365	18,588,845	39,844,022	11,515,582	11,515,480	428,893	371,777	66.3%	69.4%

(1) through (7): GNY Information

(8) = [(4)+(6)+(7)]/(2)

(9) = (8) trended to effective date of 3/1/2016 using assumed annual loss trend of 1%

GNY Insurance Companies

Commercial Multiple Peril

Amounts in \$000s

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Selected</u>
A	Direct Written Premium	265,280	279,433	302,504	
B	Direct Commissions	43,267	47,667	50,144	
C	Other Acquisition Expenses	21,376	24,388	22,535	
D	Taxes, License, and Fees	7,038	7,256	8,536	
E = B/A	Ratio of Commissions to DWP	0.163	0.171	0.166	0.166
F = C/A	Ratio of Other Acq to DWP	0.081	0.087	0.074	0.081
G = D/A	Ratio of Taxes to DWP	0.027	0.026	0.028	0.027
H	Direct Earned Premium	262,251	270,502	290,940	
I	General Expenses	3,772	4,301	3,977	
J = I/H	Ratio of Gen Exp to DEP	0.014	0.016	0.014	0.015
K	Total Selected Expense Ratio = E+F+G+J				0.289
L	A: From Exhibit 2, Column (9), Total Average				0.056
L1	Selected UW Profit Provision				0.056
M	Permissible Loss & LAE Ratio				0.655

Notes:

A, B, C, D, H, I from GNY Group's 2012-2014 IEE, Part III CMP Non-Liability + CMP Liability

L - From Exhibit 4

L1 - Selected by GNY Actuarial

M = 1 - K - L1

GNY Insurance Companies
Commercial Multiple Peril

I. Surplus Allocated to Commercial Multiple Peril:

A. Average Net Commercial Multiple Peril Earned Premium for 2012 - 2014	215,858,333
B. Average Net all lines earned premium for 2012 - 2014	226,027,667
C. Surplus as regards policyholders 12-31-2014	430,833,429
D. Surplus Allocated to Commercial Multiple Peril (C x A/B)	411,449,569

II. Expected After-tax Return on Surplus:

A. Expected Return	0.065
B. Surplus allocated to Commercial Multiple Peril (I-D)	411,449,569
C. Expected after-tax return on surplus (A x B)	26,744,222

III. After-tax Investment Return on Surplus:

A. Surplus allocated to Commercial Multiple Peril (I-D)	411,449,569
B. Expected Pretax return	0.039
C. Pretax return (A x B)	16,211,113
D. Federal Tax rate on investments	0.340
E. After-tax return (C x (1-D))	10,699,335

IV. Development of Unearned Premiums:

A. Projected Direct Earned Premium	309,000,000
B. Projected Unearned Premium Reserve	188,490,000
C. Deduction for delayed remission of premium:	
1. Direct countrywide earned premium 2014	304,965,000
2. Direct agents' balances at 12-31-2014 less advance premium	88,085,462
3. Direct agents' balances at 12-31-2013 less advance premium	82,184,640
4. Mean agents' balances ((#2+#3) x 1/2)	85,135,051
5. Ratio (#4/#1)	0.279
6. Deduction for delayed remission of premium (A x #5)	86,261,475
D. Deduction for prepaid expenses:	
1. Commission	16.60%
2. Other acquisition costs	8.10%
3. 50% of general expenses	0.75%
4. Taxes, licenses, and fees	2.70%
5. Total prepaid expenses (#2+#3+#4+#5)	28.15%
6. Federal Income Taxes Payable	6.80%
7. Total Prepays (#5+#6)	34.95%
8. Deduction for prepaid expenses (B x D7)	65,877,255
E. Loss Reserve	
1. Projected direct earned premium	309,000,000
2. Expected incurred loss and LAE (0.65 x E1)	200,850,000
3. Expected mean loss and LAE reserves (0.7 x E2)	140,595,000
F. Net subject to investment (B - C6 - D8 + E3)	176,946,270
G. After-tax investment return ([1-(III-D)] x (III-B))	2.60%
H. After-tax investment return on reserves (F x G)	4,601,311

VII. Return on Underwriting

A. Expected after-tax return on equity (II-C)	26,744,222
B. After-tax investment return on surplus (III-E)	10,699,335
C. After-tax investment return on reserves (IV-H)	4,601,311
D. Expected after-tax return on underwriting (A-(B+C))	11,443,577
E. Tax on underwriting (III-D)	0.340
F. Expected pre-tax return on underwriting (D/(1-E))	17,338,752
G. Projected earned premium (IV-A)	309,000,000
H. Factor for underwriting profit (F/G)	0.056

GNY Insurance Companies
Commercial Multiple Peril

Exhibit 5
Footnotes

Line I-A and I-B

Average CMP Net Earned Premium (NEP)

CY	CMP NEP	Total NEP
2012	202,518,000	211,415,000
2013	213,662,000	224,153,000
2014	231,395,000	242,515,000
Sum	647,575,000	678,083,000
Average	215,858,333	226,027,667

Line IV-A

Selected based on direct earned premium in recent years.

Line IV-B

Based on 2013 ratio of unearned premium to written premium x projected earned premium from Line IV-A.

Line IV-D-6

The Tax Reform Act taxes 20% of the unearned premium reserve. At a corporate tax rate of 34%, this equals 6.8% of the unearned premium reserve.

Line IV-E-3

CY	DEP	Reserves				IEE Loss/LAE Incurred	Reserve/ Inc. Loss	Inc. Loss/ DEP
		Loss	DCC	AOE	Total			
2011	253,735	98,386	17,784	13,451	129,621	212,904	0.609	0.839
2012	262,251	118,773	16,811	10,521	146,105	198,988	0.734	0.759
2013	270,502	61,712	13,998	18,829	94,539	126,295	0.749	0.467
2014	290,943	87,906	16,308	12,414	116,628	168,559	0.692	0.579
Total	1,077,431	366,777	64,901	55,215	486,893	706,746	0.689	0.656
'12-'14 Selected	823,696	268,391	47,117	41,764	357,272	493,842	0.723 0.700	0.600 0.650